



2005 Strategic and Business Plan Summary

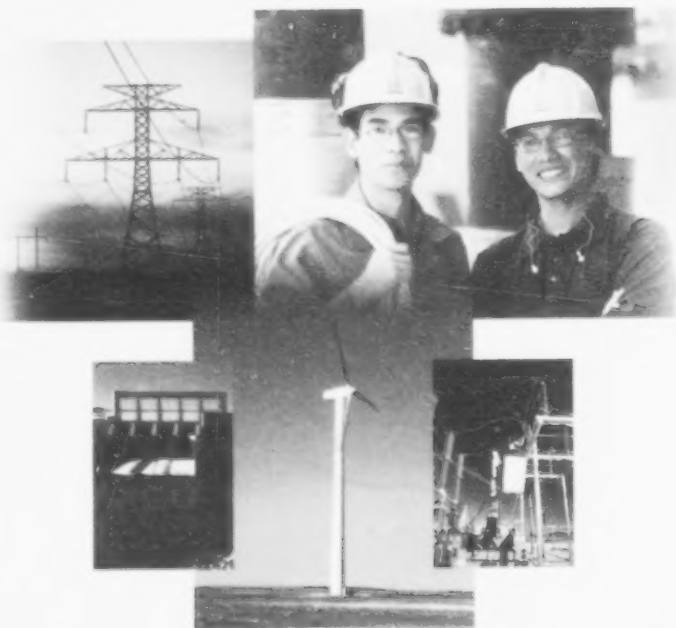


Table of Contents

President's Message	1
Vision, Mission, Values...About Us	3
Our Business Environment	5
Our Strengths & Opportunities	6
Our Challenges	7
Our Strategic Priorities	9
Corporate Balanced Scorecard	13
Safety	15
Major Activities for 2005	16
2005 Revenues & Expenses	20

"Two things remained
constant – quality and
reliability."

President's Message

Last year our 75th anniversary provided us with an opportunity to take a look back at our past – all the way back to our beginnings as the Saskatchewan Power Commission. As we enter our 76th year of operation, we are taking steps in the SaskPower 2005 Strategic and Business Plan to ensure that we will be as successful in the future as we have been in the past.

Two things have remained constant for us over the years – quality and reliability. In order to maintain the long-term level of dependability our customers expect and deserve, we are making the necessary investment in our infrastructure today to meet the demands of tomorrow. We have invested \$1.5 billion in capital projects over the last five years and will be adding an additional half a billion dollars in capital investment over the course of 2005. This will be the most significant year of capital project spending in the history of SaskPower. Substantial investments in our system are essential since much of our infrastructure was constructed during a period of growth prior to the 1970s.

In addition to capital project improvements, environmental initiatives will factor greatly into our plans for the coming year. Discussions will continue with the federal and provincial governments to gain a better understanding of our obligations under the Kyoto Protocol. As in 2004, we will continue the implementation of our Green Power Portfolio initiative, as well as the next phase of the Environmentally Preferred Power program.

"...safety remains an area of primary importance to us."

At the same time that our spending is increasing, we must remain mindful of controlling costs. We currently enjoy a solid balance sheet, but the increased focus on capital project spending puts pressure on our borrowings and increases our debt. Consequently, we must all do our job to achieve cost efficiencies and deliver on key financial targets. Once again we will face financial pressures with continuing high fuel and purchased power costs, an aging infrastructure, ongoing regulatory changes, emerging environmental requirements and the outcomes of last year's application for a rate change.

Much of our planning is focused on infrastructure, but we recognize that the well-being of our workforce is directly related to our success as a corporation. Employee safety remains an area of primary importance to us. The Corporate Safety Department, which was established last year, will begin working to improve our safety performance and develop a safety culture at SaskPower.

Within the next 10 years, 67 per cent of our workforce will be eligible for retirement. We are currently taking steps to address this through recruitment and diversity initiatives, as well as the continuation of our apprenticeship, succession planning and leadership development programs.

Looking ahead, I am excited about what I see for SaskPower this year. By working together, I am confident we can meet our challenges and continue to deliver power to our customers in a safe, reliable, cost-effective and environmentally responsible manner.

Vision, Mission, Values...About Us.

Our Vision (What we are seeking to achieve as an organization over the long term.)

Excelling in competitive energy markets.

Our Mission (The fundamental purpose of SaskPower, and what we strive to accomplish every day.)

We deliver power in a safe, reliable, cost-effective and environmentally responsible manner.

Our Values (How we behave as an organization, and how we relate to internal and external stakeholders.)

We are committed to respect, integrity and openness in all we do.

SaskPower's vision, mission and values statements serve as the foundation for our strategic and business planning process. They define success for our company, provide the framework for our daily business decisions and serve as a guide for the future.

Vision, Mission, Values...About Us.

Our Vision (What we are seeking to achieve as an organization over the long term.)

Excelling in competitive energy markets.

Our Mission (The fundamental purpose of SaskPower, and what we strive to accomplish every day.)

We deliver power in a safe, reliable, cost-effective and environmentally responsible manner.

Our Values (How we behave as an organization, and how we relate to internal and external stakeholders.)

We are committed to respect, integrity and openness in all we do.

SaskPower's vision, mission and values statements serve as the foundation for our strategic and business planning process. They define success for our company, provide the framework for our daily business decisions and serve as a guide for the future.

SaskPower is the main supplier of electricity in Saskatchewan. Founded as the Saskatchewan Power Commission in 1929, SaskPower was incorporated as a provincial Crown corporation in 1949 and operates under the mandate and authority of The Power Corporation Act.

SaskPower provides service to more than 439,000 customers in the province and maintains more than 153,000 kilometres of power lines, the most extensive network in Western Canada. SaskPower operates a diversified portfolio of generation stations. We also have purchase agreements with the Meridian Cogeneration Station, Cory Cogeneration Station and SunBridge Wind Power Project. Total available capacity is approximately 3,500 MW.

We have 2,400 permanent full-time employees working in three business units (Power Production, Transmission and Distribution, and Customer Services); five corporate groups (Corporate and Financial Services, Corporate Information and Technology, Human Resources, Planning, Environment and Regulatory Affairs, and the President's Office); and three subsidiaries (NorthPoint Energy Solutions Inc., Power Greenhouses Inc., and SaskPower International Inc.).

SaskPower also contributes to the social and economic well-being of the communities it serves. The corporation manages \$3.8 billion in assets, supports economic development through purchases from Saskatchewan suppliers and contributes more than \$600 million annually to the provincial economy. This is accomplished through the procurement of more than 80 per cent of goods and services from Saskatchewan suppliers, the payment of wages and benefits to employees and the payment of various taxes and royalties. We are a significant contributor to the high standard of living enjoyed in Saskatchewan, and a major component of the provincial economy.

About Us

SaskPower is the main supplier of electricity in Saskatchewan. Founded as the Saskatchewan Power Commission in 1929, SaskPower was incorporated as a provincial Crown corporation in 1949 and operates under the mandate and authority of The Power Corporation Act.

SaskPower provides service to more than 439,000 customers in the province and maintains more than 153,000 kilometres of power lines, the most extensive network in Western Canada. SaskPower operates a diversified portfolio of generation stations. We also have purchase agreements with the Meridian Cogeneration Station, Cory Cogeneration Station and SunBridge Wind Power Project. Total available capacity is approximately 3,500 MW.

We have 2,400 permanent full-time employees working in three business units (Power Production, Transmission and Distribution, and Customer Services); five corporate groups (Corporate and Financial Services, Corporate Information and Technology, Human Resources, Planning, Environment and Regulatory Affairs, and the President's Office); and three subsidiaries (NorthPoint Energy Solutions Inc., Power Greenhouses Inc., and SaskPower International Inc.).

SaskPower also contributes to the social and economic well-being of the communities it serves. The corporation manages \$3.8 billion in assets, supports economic development through purchases from Saskatchewan suppliers and contributes more than \$600 million annually to the provincial economy. This is accomplished through the procurement of more than 80 per cent of goods and services from Saskatchewan suppliers, the payment of wages and benefits to employees and the payment of various taxes and royalties. We are a significant contributor to the high standard of living enjoyed in Saskatchewan, and a major component of the provincial economy.

Our Business Environment

Strategic planning is a detailed process that reviews all aspects of SaskPower's current and future business operations. It includes discussion and analysis of those issues identified as critical to the future of the corporation.

SaskPower and other electrical utilities continue to experience challenges and change due to a variety of issues facing the entire industry, including:

- safety (internal and external safety, with an increased focus on internal safety performance)
- environment (higher standards, increased cost of compliance and the operational difficulties in managing our infrastructure in an environmentally acceptable manner)
- supply planning (new supply for load growth, security of supply, investments in existing facilities and generating fleet challenges)
- people (employer of choice, diversity, knowledge transfer and aging workforce)
- economic sustainability (tight capital restrictions and future financial requirements)
- customer services (increased focus on the customer and developing and delivering new products, services and programs that meet the unique needs of our customer groups)
- Aboriginal relations (remove barriers and build relationships and partnerships)
- aging infrastructure (reliability, cost of updating infrastructure and service life management)

Our Strengths and Opportunities

Employees: SaskPower employees possess a high degree of skill and competence. Our workforce is well distributed across the province, ensuring a local presence, an ability to respond to emergencies quickly and a high level of customer service.

Finances: The balance sheet of SaskPower is considered strong in comparison to public sector utilities in other provinces. We have continued to provide a return to our owner while maintaining a significant capital renewal program. We have also developed governance policies and procedures for the management of risk in our operations.

Assets: The transmission system is reliable, well built and operates at a reasonable cost. The generating fleet operates on a mix of differently fueled sources to provide flexibility.

Marketplace: SaskPower enjoys the benefits of being located between two significant markets – Alberta and the U.S. Mid-Continent Area Power Pool. This provides opportunities for us to export surplus power, as well as import cost-effective power sources when necessary.

Energy Pricing: SaskPower continues to monitor prices in other jurisdictions in order to provide the corporation with the greatest benefit from import and export opportunities. Strong marketing and risk management skills are crucial in this market.

Independent Power Producers (IPP) Partnerships: SaskPower has taken advantage of IPP opportunities through the Cory, Meridian and SunBridge projects. Other opportunities may develop with environmentally preferred, green power projects, including small-scale hydro facilities. IPP initiatives are expected to expand in various markets and SaskPower is well-positioned to seek partnerships in this area.

Regional Transmission Organizations (RTOs): The participation in an RTO, such as the Midwest Independent Transmission System Operator (MISO), presents an opportunity to be part of a large interconnected electrical system and influence standards and market structures.

Our Challenges



Human Resources: The majority of SaskPower employees are within 10 to 15 years of retirement, which means we will be facing significant recruitment and training challenges in the future. The issue of diversity has become a corporate performance objective, as we continue to strive to recruit from four designated groups – Aboriginal people, persons with disabilities, visible minorities and women in under-represented occupations.

Financial Management: SaskPower's earnings are under increasing stress as revenue growth rates are declining and are not adequately covering the cost to provide electrical service to our customers. In particular, fuel costs continue to remain high and the outlook is for even higher costs in the future. Increasing levels of capital spending will be required to maintain the system at appropriate levels of reliability and regulatory compliance.

Fuel: SaskPower relies on lignite coal as our main source of fuel due to its availability, low cost and stable prices. However, lignite coal provides environmental challenges and its low quality results in increased wear on our equipment.

Natural Gas Price Volatility: SaskPower's increasing reliance on natural gas as a more environmentally responsible fuel leaves the corporation susceptible to the volatility associated with its price.

Environment: SaskPower must be able to respond to changes in environmental regulations and the development of more rigorous standards. This is especially true in terms of greenhouse gas emissions and the Kyoto Protocol, as well as New Source Emission Guidelines for Thermal Electricity Generation and Mercury Emission Guidelines.

Technology: SaskPower is faced with the difficult task of securing cost-effective technological solutions to environmental and supply challenges in a world without regulatory certainty.

Regulation: The key issue for SaskPower with respect to North American regulatory developments is the evolution of regulation in the United States. Rules regarding interconnections, reliability standards and transmission services are being developed and SaskPower will have to respond. Initial steps have been made towards securing membership with the Midwest Reliability Organization.

Rate Changes: The rate change process in Saskatchewan is complex and lengthy. Applications for rate changes must go through the Saskatchewan Rate Review Panel and can take several months until a recommendation is issued, which must then go to the provincial government for approval.

Competition: SaskPower must prepare for the challenge of bulk retail competition, which means other electricity suppliers could sell to our larger customers. This has the potential to erode our revenue base.

Aboriginal Relations: Like many other areas of government and business, SaskPower is working to further cultivate our relationship with First Nations communities and organizations. Meaningful partnerships in these areas will provide a variety of benefits for future development and investments.

Our Strategic Priorities

Introduction

In order to help achieve SaskPower's vision and mission, through a commitment to our values, four strategic priorities have been identified. Each priority is supported by a set of corporate objectives and measures.

Strategic Priority 1

Building Excellence in Customer Service Delivery

Providing excellent customer service requires attention to the different aspects of customer satisfaction. This increased focus on customer service is essential to long-term sustainability for any business, including government-owned corporations such as SaskPower.

However, a solid customer focus is not the sole responsibility of the Customer Services Business Unit. The responsibility for success in this area rests with all SaskPower employees.

Customer Services and Transmission and Distribution, the primary service providers, will be pursuing initiatives that will help SaskPower deliver excellence in customer services. Other groups will also contribute to improved customer satisfaction through their business plans.

Measuring our Success

(Corporate Balanced Scorecard)

A high level of customer satisfaction is essential for the long-term sustainability of our business and this is measured through annual surveys. Two new measures have been introduced for 2005 to determine customer expectations. The first measure relates to our goal of ensuring customers in all classes only pay rates that fairly cover costs, including a return to the shareholder. The other new measure focuses on future rate increases being no higher than the Consumer Price Index inflation rate.

Two traditional measures – service interruption duration and frequency – are once again being used to track performance related to customer satisfaction.

Strategic Priority 2

Developing SaskPower's People

As a company, the key to our current and future success lies in the strength of our people – the employees of SaskPower. To maintain and enhance this valuable resource, the corporation will continue to focus on developing employees through various programs and initiatives in 2005.

Building on the formation of the Corporate Safety Department late last year, safety will continue to play a central role in 2005. Improving the safety performance of the corporation and developing a safety culture for our employees is a top priority for SaskPower. An improved Safety Management System will also be a major factor in the safety program.

Like many other industries and businesses in the province, SaskPower is seeking to broaden the diversity of its workforce. One of the prime areas of focus is the participation of Aboriginal people in the many career opportunities at SaskPower. Other aspects of diversity include female employees in under-represented occupations, visible minorities and persons with disabilities. Many of the programs that will help us achieve our diversity targets are still under development.

Succession planning is another challenge that continues to face SaskPower. With an aging workforce, there has been relatively little turnover in recent years. The concern extends throughout the organization, but perhaps the area of greatest concern is highly skilled tradespeople. To address this issue, SaskPower has been promoting an expanded apprenticeship program and will continue to do so for the foreseeable future. A Leadership Development Program and a Succession Planning Program will also continue in 2005 to meet anticipated demand in those areas.

Measuring our Success

(Corporate Balanced Scorecard)

There are three objectives – *Ensuring the safety of our workforce; Building a representative workforce; Achieving a constructive culture* – and 13 measures that support this priority.

SaskPower tracks safety performance through two key measures – Safety Severity Rate (number of days lost as a result of serious accidents) and the Safety Frequency Rate (number of injuries or illnesses that result in lost work time divided by the number of exposure hours).

The percentage of employees who self-identify as an Aboriginal, visible minority or a person with a disability, as well as the percentage of females in under-represented occupations, are important measures in determining whether SaskPower is building a representative workforce.

Strategic Priority 3

Promoting Environmental Stewardship

It is becoming increasingly apparent that the future health of SaskPower will rely on the extent to which we can manage the environmental challenges we currently face. Strict environmental regulations will significantly impact our operations, particularly in Power Production and Transmission and Distribution.

One of the primary issues facing the industry in the coming years is environmental regulation. At this point in time it is also one of the least clear, particularly with regards to the Kyoto Protocol. SaskPower's generating fleet will be impacted by this new reality, especially coal-fired generating facilities, and the potential impacts of the Kyoto Protocol may pose substantial risks for the corporation. There are a range of other environmental regulatory issues that also require attention. These include New Source Emission Guidelines for Thermal Electricity Generation and Mercury Emission Guidelines, as well as the management of waterways for hydro-generating purposes and vegetation control technologies with respect to transmission and distribution facilities.

Despite the challenges ahead, we will undertake the work and make the necessary investments to ensure that we meet our requirements now and in the future. We have initiated early action with respect to environmental regulation by embarking on our Green Power Portfolio. Our fundamental objective is to provide supply capacity for the short to medium-term with green technologies and provide the residents of Saskatchewan with an environmentally friendly, cost-effective source of power.

Measuring our Success

(Corporate Balanced Scorecard)

There are two objectives that support this corporate priority. The first objective – *Promoting alternative energy generation* – has three measures, which reflect SaskPower's Green Power Portfolio strategy to encourage alternative energy generation and meet new load growth through low environmental impact power. *Promoting sound environmental practices*, the second objective, is measured through the Environmental Management System audits.

Strategic Priority 4

Ensuring Sound Financial Management

As a Crown corporation, we have a responsibility to the provincial government and the people of Saskatchewan to optimize our financial performance and achieve the financial targets that have been set for us.

We are committed to managing our resources in an efficient manner while controlling risk and maintaining a high degree of accountability. Our financial performance is measured through traditional indicators such as return on equity, debt ratio, net income and dividends, in addition to other measures.

At SaskPower, we are also seeking to leverage our investment in SAP by reducing maintenance costs through improved processes. A great deal of progress has been made in Power Production, Transmission and Distribution. Success in this area will assist in cost control and ease the upward pressure on rates.

Given the impact of fuel and purchased power expenses on SaskPower's financial performance, we closely monitor the performance of our generating fleet. Risk management plans are in place to minimize the effect on our net income of fluctuations in natural gas prices, interest rates and foreign currency transactions.

Measuring our Success

(Corporate Balanced Scorecard)

There are four objectives to this strategic priority. The first objective – *Achieving SaskPower's financial targets* – has three measures, including one related to Saskatchewan content. Measuring the percentage of purchases from Saskatchewan suppliers, it highlights SaskPower's commitment to supporting economic development within the province.

Maximizing low cost generation, another objective for this priority, is measured by the Coal Unit Availability One-Year Average. It measures the ability of coal units to produce energy, with the goal of maximizing generation from the most economical fuel source.

The remaining objectives are *Promoting prudent risk management practices* and *Achieving subsidiaries' financial targets*.

Corporate Balanced Scorecard

Our progress as a corporation is monitored through the use of a balanced scorecard, which contains important performance indicators that are not purely financial.

The Corporate Balanced Scorecard is a performance management tool and provides a picture of how the corporation is performing throughout the year. It is the tool that measures progress towards a strategic objective through the activities and initiatives that will allow us to achieve them.

Traditionally, businesses have measured progress only in financial terms, but this does not take factors such as customer satisfaction, employee development and environmental stewardship into consideration. The balanced scorecard was developed to express strategic direction as a set of goals, objectives and other measures. It enables SaskPower to measure progress towards our objectives, make corrections, reduce risks and increase our overall chance of success as a business.

For more information about the Corporate Balanced Scorecard, please see [EIN/PERA/Corp.BSC/Bus.Plans/Corporate Balanced Scorecard](#).



Safety

Safety at SaskPower is taking on a new look.

In an effort to improve our safety performance and enhance consistency with regards to safety standards across the corporation, SaskPower executive approved the formation of a centralized safety department in October 2004. The first Corporate Safety Officer (CSO) was appointed in late 2004.

The decision to move to a centralized safety structure was based on extensive consultations and various report findings, and was one of the key recommendations contained in the SaskPower Safety Task Force Report.

The first few months following the CSO's appointment were spent meeting with employees from across the corporation and learning more about SaskPower and its business. At the same time, an assessment of the strengths and weaknesses of the safety systems already in place was conducted. Several common themes were identified during the course of these discussions, including consistency in expectation and application of safety policies; timely communication; decisive action on issues; and accountability for safety at all levels of the organization.

In February 2005, SaskPower executive approved the organizational structure and budget for the Corporate Safety Department. Under the CSO's direction, the Corporate Safety Department will report directly to the president, and will be composed of two distinct but complementary groups – Operations Safety and the Safety Management System.



Major Activities for 2005

SaskPower's business units, corporate support groups and subsidiaries will undertake a number of activities in 2005. Significant expenditures will occur in all areas of the corporation as we work to maintain reliability, upgrade and replace existing equipment, connect new customers to the system and initiate new programs.

Power Production Business Unit (PPBU)

Power Production operates a diversified portfolio of 65 generating units – nine coal, 26 hydro, six natural gas combined cycle, eight natural gas simple cycle and 16 wind turbines – with a generation capacity of 3,051 megawatts.

Significant initiatives for 2005 and beyond are directed toward improving operational performance and work-management processes, preparing for future rebuilds, managing knowledge transfer and employee development needs, and achieving safety, environmental and operations targets.

Key Initiatives 2005 and beyond

- Preparing to rebuild Unit #2 (2006) and Unit #1 (2008) at Poplar River Power Station.
- Upgrading the coal handling facility at Boundary Dam Power Station.
- Refurbishing Unit #2 at Nipawin Hydro Station.
- Continuing to replace components on the Shand turbine as required to ensure years of reliable service until the next scheduled overhaul in 2012.
- Managing succession planning and knowledge transfer in order to be positioned to handle 237 potential retirements over the next nine years.

Transmission and Distribution Business Unit (T&D)

Transmission and Distribution provides electrical transmission and distribution service to the province of Saskatchewan, serving a geographic area of 652,000 square kilometres, with an electrical grid of approximately 153,000 line kilometres. The business unit operates and maintains 51 high voltage switching stations and 169 distribution substations.

Key Initiatives for 2013 include:

- Developing and implementing initiatives to ensure equipment and infrastructure are compliant with North American Electric Reliability Council (NERC) standards over the next three years.
- Addressing recruitment and retention issues to ensure customer service levels are maintained or improved in the future, including the continued operation of the line-trade apprenticeship program.
- Continuing to focus on vegetation management activities to reduce the number of tree contact outages.
- Ensuring system integrity and reliability through planned and emergency maintenance activities to distribution and transmission facilities.
- Monitoring the construction crew planning and scheduling process to meet customer needs and maximize T&D crew resources.

Customer Services Business Unit (CSBU)

Customer Services provides quality customer service to more than 439,000 customers in the province through communication, education, research and product development.

Key initiatives for 2013 include:

- Researching and developing an effective model of training development and delivery for Customer Services front-line staff, as well as assessing specific training needs for other representatives.
- Developing comprehensive strategies for the areas of Demand Side Management, key account customer satisfaction and Aboriginal markets.
- Developing and implementing customer communications plans promoting SaskPower services, energy management and green power, as well as other related programs.
- Continuing to deliver the Energy Performance Contracting (EPC) service in partnership with Honeywell Inc. and Destination Conservation.
- Implementing three Community Energy Management Service (CEMS) demonstration projects.

Corporate Groups

Eight corporate groups – Corporate and Financial Services (C&FS); Corporate Information and Technology (CI&T); Human Resources (HR); Planning, Environment and Regulatory Affairs (PERA); Corporate Safety; the President's Office; Communications and Public Affairs (C&PA); Legal Services and Land (LS&L) work in partnership with the business units to achieve corporate goals.

Key initiatives for 1993 include:

- Investing in technology infrastructure to ensure a reliable and robust environment, including the personal computer lifecycle program and annual core infrastructure upgrades. (CI&T)
- Continuing to implement information management projects already in progress, including Engineering Document Management (PPBU), Technical Equipment Data Management (PPBU) and T&D Document Archiving. (CI&T)
- Managing the financing for long-term debt requirements, foreign exchange and hedging programs, cash and superannuation fund assets and the purchasing and procurement activities for the corporation. (C&FS)
- Continuing the detailed review and analysis process for major capital project financing, including risk assessment and recommending risk mitigation activities in cooperation with all areas of the corporation. (C&FS)
- Continuing to maintain corporate financial records and prepare accurate and timely reports and financial forecasts for use by management, the Executive and the Board of Directors. (C&FS)
- Continuing negotiations with federal and provincial governments regarding our obligations under the Kyoto Protocol. (PERA)
- Developing a long-term supply strategy to manage the life extension requirements of the current generation fleet, as well as future generation and supply sources. (PERA)
- Identifying short and long-term employment opportunities for diversity candidates within the business units and support groups, as well as providing a diversity-related awareness program and diversity management skills training. (HR)

- Positioning SaskPower as an employer of choice and attracting the right people to the right jobs through recruitment, succession management and diversity efforts. (HR)
- Developing and implementing research-based, consultative strategic communications plans in support of strategic and business initiatives. (C&PA)
- Supporting implementation of the 150-MW wind power project at Rushlake Creek, as well as Green Power Portfolio initiatives. (LS&L)

Subsidiary Corporations

SaskPower's three subsidiaries are SaskPower International, Shand Greenhouse and NorthPoint Energy Solutions. SaskPower International is helping to diversify our energy base by seeking new sources of generation, as well as new initiatives for corporate and business growth. Working to offset the environmental impact of generating and distributing electricity, Shand Greenhouse supports our environmental objectives through programs that increase awareness of the relationship between electrical generation and the environment. NorthPoint serves as the energy asset manager for SaskPower and is responsible for arranging the export of electricity that is surplus to our needs in Saskatchewan. NorthPoint also imports power into the province to reduce SaskPower's costs, and pursues other opportunities to grow revenues in the marketplace.

Key initiatives for 2006 include:

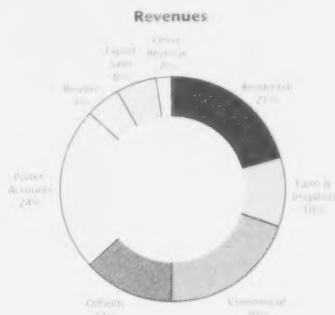
- Completing development and implementation of the 150-MW wind power project at Rushlake Creek. (**SaskPower International**)
- Completing the Energy Infrastructure Services II consulting contract in India prior to wrapping up consulting and contract services operations. (**SaskPower International**)
- Continuing research on the Western Red Lily and developing a program to deliver the lilies throughout the province in celebration of Saskatchewan's Centennial. (**Shand Greenhouse**)
- Enhancing public awareness of the greenhouse and its programs, as well as the relationship between electrical generation and the environment, through education and communications programs. (**Shand Greenhouse**)
- Monitoring and adapting to the changing wholesale marketplace, with major changes taking place in the Canadian and American markets. (**NorthPoint Energy Solutions**)

2005 Revenue & Expenses

SaskPower develops an annual business plan in an effort to achieve key financial targets, while providing a high level of customer service. SaskPower's 2005 Business Plan sets out the most likely scenarios, but during the year a number of variables may arise that could potentially affect our financial outcome. These variables are considered risks and must be managed carefully throughout the organization.

Revenues

Revenues received from all customers are shown for each customer class. Budgeted revenues are based on a modest domestic load growth projection, combined with a steady export market.



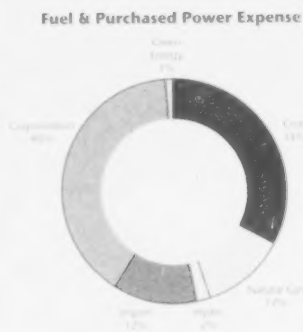
Expenses

SaskPower's expenses for 2005 are shown by major category and are based largely on what we believe will be required to serve our domestic and export customers in 2005.



Fuel and Purchased Power Expense

SaskPower's generation supply comes from many sources, including wind, hydro, coal, natural gas and cogeneration, as well as imports purchased from other electrical utilities. When one source of generation is unavailable, other sources must make up the difference. The cost of generation related to natural gas continues to increase due to increased volumes of gas used at SaskPower and cogeneration facilities. The volatility of natural gas prices significantly affects our annual fuel costs and must be managed carefully.



Operations, Maintenance and Administration (OM&A) Expense

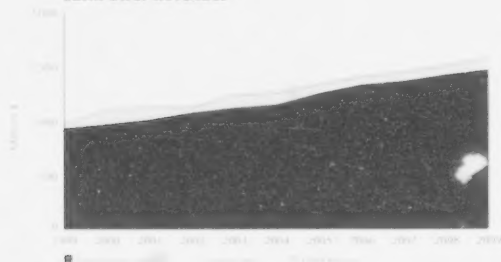
OM&A expenses are made up of labour costs, including contractor labour and materials, vehicle expenses and corporate overhead. Wages, salaries and benefits have the single largest impact, comprising nearly 60 per cent of all OM&A expenses. Expenditures on OM&A are critical to our mission to deliver power in a safe, reliable, cost-effective and environmentally responsible manner.



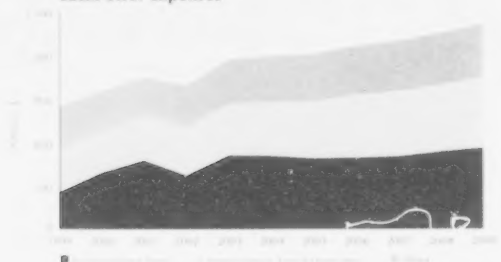
Other Expenses

Our remaining expenses are related to finance charges, taxes and depreciation. Increasing levels of capital spending and a rise in interest rates or debt levels are potential areas of risk. These expenses are increasing steadily over time.

SaskPower Revenues



SaskPower Expenses



Building Excellence in Customer Service Delivery

Corporate Objectives	Measures	2003 Actual	2004 Actual	2004 Target	2005 Target
Exceeding customer expectations in services	Customer Satisfaction Index (%)	48	38	51	51
Maintaining service reliability	Reliability SAIDI	4.4	3.3	3.7	4.3
	Reliability SAIFI	1.8	1.7	1.7	1.7

Strategic Priority 2

Developing SaskPower's People

Corporate Objectives	Measures	2003 Actual	2004 Actual	2004 Target	2005 Target
Ensuring the safety of our workforce	Safety Severity Rate (%)	93	143	25	50
	Safety Frequency Rate (%)	2.1	2.7	0.8	3.0
Building a representative workforce	New Diversity Hires (%)	24	25	21	100
Achieving a constructive culture	Number of employees who participated in the Leadership Development Program	64	97	100	120

Promoting Environmental Stewardship

Corporate Objectives	Measures	2003 Actual	2004 Actual	2004 Target	2005 Target
Promoting alternative energy generation (Green Power Policy initiatives)	Cumulative Installed Green Power Portfolio (MW)	22	22	22	185
Promoting sound environmental practices	Environmental Management System Audits Conducted	16	16	16	16

Ensuring Sound Financial Management

Corporate Objectives	Measures	2003 Actual	2004 Actual	2004 Target	2005 Target
Achieving SaskPower's financial targets	Return on Equity (%)	13.6	4.6	8.1	5.9
	Debt Ratio (%)	56.5	58.2	59.0	62.3
	Consolidated Net Income (\$ millions)	187	66	112	83
	Saskatchewan Content in SaskPower Purchases (%)	78	83	75	73
Maximizing low cost generation	Coal Equivalent Availability Factor (EAF%)	82.9	87.1	85.3	86.1
Achieving subsidiaries financial targets	SaskPower International Net Income (\$ millions)	2	1	1	
	NorthPoint Energy Solutions Net Income (\$ millions)	6	7	4	7

Strategic Priority 1

Building Excellence in Customer Service Delivery

Corporate Objectives	Measures	2003 Actual	2004 Actual	2004 Target	2005 Target
Exceeding customer expectations in services	Customer Satisfaction Index (%)	48	38	51	51
Maintaining service reliability	Reliability SAIDI	4.4	3.3	3.7	4.3
	Reliability SAIFI	1.8	1.7	1.7	1.7

Strategic Priority 2

Developing SaskPower's People

Corporate Objectives	Measures	2003 Actual	2004 Actual	2004 Target	2005 Target
Ensuring the safety of our workforce	Safety Severity Rate (%)	93	143	25	50
	Safety Frequency Rate (%)	2.1	2.7	0.8	3.0
Building a representative workforce	New Diversity Hires (%)	24	25	21	*n/a
Achieving a constructive culture	Number of employees who participated in the Leadership Development Program	84	97	100	120

*n/a - measure not available

Strategic Priority 3

Promoting Environmental Stewardship

Corporate Objectives	Measures	2003 Actual	2004 Actual	2004 Target	2005 Target
Promoting alternative energy generation (Green Power Policy initiatives)	Cumulative Installed Green Power Portfolio (MW)	22	22	22	185
Promoting sound environmental practices	Environmental Management System Audits Conducted	16	16	16	16

Strategic Priority 4

Ensuring Sound Financial Management

Corporate Objectives	Measures	2003 Actual	2004 Actual	2004 Target	2005 Target
Achieving SaskPower's financial targets	Return on Equity (%)	13.6	4.8	8.1	5.9
	Debt Ratio (%)	56.5	58.2	59.0	62.3
	Consolidated Net Income (\$ millions)	187	66	112	83
	Saskatchewan Content in SaskPower Purchases (%)	78	83	75	75
Maximizing low cost generation	Coal Equivalent Availability Factor (EAF%)	82.9	87.1	85.3	86.1
Achieving subsidiaries' financial targets	SaskPower International Net Income (\$ millions)	2	1	1	-
	NorthPoint Energy Solutions Net Income (\$ millions)	6	7	4	7

Vision, Mission, Values...About Us.

Our Vision (What we are seeking to achieve as an organization over the long term.)

Excelling in competitive energy markets.

Our Mission (The fundamental purpose of SaskPower, and what we strive to accomplish every day.)

We deliver power in a safe, reliable, cost-effective and environmentally responsible manner.

Our Values (How we behave as an organization, and how we relate to internal and external stakeholders.)

We are committed to respect, integrity and openness in all we do.

SaskPower's vision, mission and values statements serve as the foundation for our strategic and business planning process. They define success for our company, provide the framework for our daily business decisions and serve as a guide for the future.



3092 Apr 05

 **SaskPower**